PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, STATE OF KARNATAKA
(UNDER RULE NO: 16/17 of THE INSURANCE OMBUDSMAN RULES, 2017)
OMBUDSMAN – VIPIN ANAND
In the Matter of Mr. Hanumantharappa V/s. Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.
Complaint No: BNG-L-010-2122-0151
Award No: IO/BNG/A/LI/0102/2021-2022

1.	Name & Address of the Complainant	Mr. Hanumantharayappa Sri Venkateshwara Nilaya, 3rd Main Road,Banashankari 2nd Stage, S.S.Puram Post, TUMKUR – 572 102. Mb.7899410430 Email : anusuyarayappa@gmail.com
2.	Policy No: Type of Policy: Name of the Policy: Commencement of Policy Policy Period/PPT / Maturity date Mode/Sum Assured / Inst.Premium	0015618519 Life/ULIP/Pension Plan(w/o Life cover) Canara HSBC OBC Retire Smart Plan-Option 1 (Without Life cover) 26.06.2010 10 / 10 / 26.06.2020 Annual / 00/ 25,000
3.	Name of the Insured Name of the Policyholder	Mr. Hanumantharayappa Mr. Hanumantharayappa
4.	Name of the Respondent Insurer	Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.,
5.	Date of Repudiation/ Rejection/ Reply	02.09.2020
Q	Reason for repudiation/ Rejection	Balance amount to be utilized to purchase new Annuity plan as per Terms & Conditions of Policy
7.	Date of receipt of Annexure VI-A	06.09.2021
8.	Nature of complaint	Refund of Balance amount on Maturity
9.	Amount of claim	-
10.	Date of Partial Settlement	16.07.2020
11.	Amount of relief sought	Rs. 2,39.018.94
12.	Complaint registered under Rule No	Rule 13(1)(f) of Ombudsman Rules 2017
13.	Date of hearing/place	Written submissions by Complainant – 09.12.2021
14.	Representation at the hearing	
	a) For the Complainant	
	b) For the Respondent Insurer	
15.	Complaint how disposed	Partially Allowed
16.	Date of Award/Order	14.12.2021

17. Brief Facts of the Case:
The complainant has taken the said policy for 10 years term. On maturity of policy on 26.06.2020, he has received a portion of Maturity value and not full amount. Representations made to Insurer on 06.08.2020, & 18.02.2021. But Respondent Insurer(RI)

did not responded and not made the payment of balance amount. Aggrieved by this Complainant approached this Forum.

18. Cause of Complaint: -

a. Complainant's argument:

The Complainant states that he has taken the impugned policy 10 years back with Canara HSBC OBC Life Ins. Co. Ltd., which Matures on 26.06.2020. He received the Maturity intimation from RI dated 25.06.2020 and submitted all requirement along with Policy bond through representative of RI. He got credit of Rs.1,07,725.74 on 16.07.2020, that is 1/3rd of the amount quoted in the Maturity intimation letter. He has sent request by email for payment of balance amount on 26.08.2020 and followed up by mail many times, latest is 27.03.2021. But payment not received. Mean time he received a letter from RI dated 21.10.2020 stating that, there is an unclaimed amount of Rs.2,39,018.94 against Maturity payout under the said policy and asking him to submit mentioned requirements to refund the amount. He has submitted the same in November 2020 itself. But did not received the amount till date. Aggrieved by this, complainant approached Ombudsman Office to get the payment of balance amount.

b. Respondent Insurer's argument:

The RI vide their SCN states that the Complainant has availed Canara HSBC OBC Retire Smart Plan- Option 1(without life cover), which is a pure pension plan wherein, the vesting benefits is payable as per the policy terms, reproduced as follows;

2.2 Vesting benefits

2.2.1 If the Life Assured survive the Vesting Date and the Policy is in force on such date, the fund value as on the Vesting Date("Vesting Benefit") is payable under the Policy to the Claimant. Life Assured may choose any one of the following alternatives prior to the Vesting Date:

a) Use the entire Vesting Benefit for purchase of annuity products offered either by the Company or any other annuity provider as may be permitted under the Regulations; or

b) The Life Assured may opt to receive the maximum amount from the Vesting Benefit permitted to be commuted as per the prevailing regulations as a lump sum amount and use the remaining amounts(if any) for purchase of annuities as mentioned in Clause 2.2.1(a).

RI further submits that the Complainant had submitted the discharge form on vesting date, thereby given consent to receive 33.33% of Vesting benefit in cash lump sum and to utilise the balance amount to purchase annuity product with the same Company only. Hence 1/3rd of Vesting amount, Rs.1,17,725.77 was paid to complainant's account and a cheque in the name of same company is written for balance amount of
Rs.2,39,018.94 to purchase new Annuity product and communicated the same through their letter dated 11.07.2020. Subsequently on receipt of this letter, Policyholder sent a complaint on 26.08.2020, demanding payment of balance 2/3rd amount also, refused to buy new annuity product as opted by him earlier. Since the complainant failed to complete the requisite formalities and documentation to enable the Company to issue an annuity from the aforesaid balance amount, the said amount remained unutilized and the same triggered issuance of letter dated 21.10.2020 inadvertently. This letter is repeatedly referred by the

complainant to claim payment of balance amount, which is barred under the provisions of applicable laws, the company is constrained to decline the Complainant's request.

RI has further gone through the prevailing IRDA regulations regarding payment of commuted value of Vesting amount and prescribed minimum limit for annuities, submits vide their revised SCN dated 08.12.2021, that upto 60% of vested amount can be commuted and balance amount of 40% of Vesting amount Rs.356743/- is not sufficient to issue an annuity. They are prepared to refund the entire amount under the guidance of this forum.

19. Reason for Registration of complaint: -

The complaint falls within the scope of Insurance Ombudsman Rules, 2017.

20. The following documents were placed for perusal: -

a. Complaint along with enclosures,
b. Respondent Insurer's SCN along with enclosures and
c. Consent of the Complainant in Annexure VIA &and Respondent Insurer in VII A.

21. Result of personal hearing with both the parties (Observations & Conclusions):

The issue to be decided by the Forum is whether the Complainant's demand to pay the entire Vesting amount is correct or the rejection of RI is in order.

Personal hearing was scheduled on 10.12.2021. But Complainant expressed his inability to attend the hearing online, send his written submissions on 09.12.2021.

On careful examination of the case and the documents provided by both the parties, Forum notes that, the terms and conditions 2.2.1(b) – Vesting Benefit in Policy Bonds reads as "The Life Assured may opt to receive the maximum amount from the Vesting Benefit permitted to be commuted as per the then prevailing regulations as a lump sum payment, and use the remaining amounts(if any) for purchase of annuities".

As the vesting date under subject policy is 26.06.2020 and it is a ULIP, IRDAI(Unit Linked Insurance Products) regulations, 2019 are applicable. Regulation 22 of IRDAI(ULIP) regulations 2019 reads as "on the date of vesting, options available under Regulation 21(b) above shall be available to the policyholder. In addition, the policyholder will also have the option to extend the accumulation period or deferment period within the same policy with the same terms and conditions as the original policy provided the policyholder is below an age of 60 years".

Regulation 21(b) reads as – " The following options shall be available to the policyholder on the date of surrender:

i) To utilize the entire proceeds to purchase immediate annuity or deferred annuity from the same insurer at the then prevailing annuity rate subject to the Regulation 21(b)(iii) , the policyholder shall be given an option to purchase immediate annuity or deferred annuity from any other insurer.

or

ii) To commute up to 60% and utilize balance amount to purchase immediate annuity or deferred annuity from the same Insurer at the then prevailing annuity rate subject to

Regulation 21(b)(iii), the policyholder shall be given an option to purchase available annuity from any other Insurer.

ii) Every policyholder shall be given an option to purchase immediate annuity or deferred annuity from another insurer at the then prevailing annuity rate to the extent of percentage, stipulated by the authority, currently 50%, of the entire proceeds of the policy net of commutation.

iv) For (i) and (ii) above, the purchase of annuity shall be subject to terms and conditions under the product. In case the proceeds of the policy either on surrender or vesting is not sufficient to purchase minimum annuity as defined in Regulation 3(a) of IRDAI(Minimum Limits for Annuities and other Benefits) Regulations, 2015, as amended from time to time, such proceeds of the policy may be paid to the policyholder or beneficiary as lump sum".

AWARD

Taking into account, the facts & circumstances of the case, and the submissions made by both the parties, the Forum directs the Insurer to make payment strictly in accordance with the provisions of prevailing Regulation 22, 21(b)(ii), 21(b)(iii), 21(b)(iv) of IRDAI(ULIP) Regulations, 2019, and Regulation 3(a) of IRDAI(Minimum Limits for Annuities and other Benefits) Regulations, 2015, while keeping in view the current Income Tax rules as well. Insurer is advised to once again obtain consent of the policyholder to the final options and make payment accordingly.

The Complaint is hence **Partially Allowed.**

Compliance of Award:

The attention of the Complainant and the Insurer is hereby invited to the following Provisions of Insurance Ombudsman Rules, 2017:

a. The Complainant shall submit all requirements/Documents required for settlement of award within 15 days of receipt of the award to the Respondent Insurer.
b. According to Rule 17(6) of the Insurance Ombudsman Rules, 2017, the insurer shall comply with the award within thirty days of the receipt of the award and intimate compliance of the same to the Ombudsman.

Dated at Bengaluru on 14th December 2021.

(**VIPIN ANAND**)
INSURANCE OMBUDSMAN
FOR KARNATAKA STATE

PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, STATE OF KARNATAKA
(UNDER RULE NO: 16/17 of THE INSURANCE OMBUDSMAN RULES, 2017)
OMBUDSMAN – VIPIN ANAND
In the Matter of Mr. Hanumantharappa V/s. Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.
Complaint No: BNG-L-010-2122-0151
Award No: IO/BNG/A/LI/0102/2021-2022

1.	Name & Address of the Complainant	Mr. Hanumantharayappa

		Sri Venkateshwara Nilaya, 3rd Main Road,Banashankari 2nd Stage, S.S.Puram Post, TUMKUR – 572 102. Mb.7899410430 Email : anusuyarayappa@gmail.com
2.	Policy No: Type of Policy: Name of the Policy: Commencement of Policy Policy Period/PPT / Maturity date Mode/Sum Assured / Inst.Premium	0015618519 Life/ULIP/Pension Plan(w/o Life cover) Canara HSBC OBC Retire Smart Plan-Option 1 (Without Life cover) 26.06.2010 10 / 10 / 26.06.2020 Annual / 00/ 25,000
3.	Name of the Insured Name of the Policyholder	Mr. Hanumantharayappa Mr. Hanumantharayappa
4.	Name of the Respondent Insurer	Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.,
5.	Date of Repudiation/ Rejection/ Reply	02.09.2020
Q	Reason for repudiation/ Rejection	Balance amount to be utilized to purchase new Annuity plan as per Terms & Conditions of Policy
7.	Date of receipt of Annexure VI-A	06.09.2021
8.	Nature of complaint	Refund of Balance amount on Maturity
9.	Amount of claim	-
10.	Date of Partial Settlement	16.07.2020
11.	Amount of relief sought	Rs. 2,39.018.94
12.	Complaint registered under Rule No	Rule 13(1)(f) of Ombudsman Rules 2017
13.	Date of hearing/place	Written submissions by Complainant – 09.12.2021
14.	Representation at the hearing	
	a) For the Complainant	
	b) For the Respondent Insurer	
15.	Complaint how disposed	Partially Allowed
16.	Date of Award/Order	14.12.2021

17. Brief Facts of the Case:

The complainant has taken the said policy for 10 years term. On maturity of policy on 26.06.2020, he has received a portion of Maturity value and not full amount. Representations made to Insurer on 06.08.2020, & 18.02.2021. But Respondent Insurer(RI) did not responded and not made the payment of balance amount. Aggrieved by this Complainant approached this Forum.

18. Cause of Complaint: -

a. Complainant's argument:

The Complainant states that he has taken the impugned policy 10 years back with Canara HSBC OBC Life Ins. Co. Ltd., which Matures on 26.06.2020. He received the Maturity intimation from RI dated 25.06.2020 and submitted all requirement along with Policy bond through representative of RI. He got credit of Rs.1,07,725.74 on 16.07.2020, that is 1/3rd of the amount quoted in the Maturity intimation letter. He has sent request by email for payment of balance amount on 26.08.2020 and followed up by mail many times, latest is 27.03.2021. But payment not received. Mean time he received a letter from RI dated 21.10.2020 stating that, there is an unclaimed amount of Rs.2,39,018.94 against Maturity payout under the said policy and asking him to submit mentioned requirements to refund the amount. He has submitted the same in November 2020 itself. But did not received the amount till date. Aggrieved by this, complainant approached Ombudsman Office to get the payment of balance amount.

b. Respondent Insurer's argument:

The RI vide their SCN states that the Complainant has availed Canara HSBC OBC Retire Smart Plan- Option 1(without life cover), which is a pure pension plan wherein, the vesting benefits is payable as per the policy terms, reproduced as follows;

2.2 Vesting benefits

2.2.1 If the Life Assured survive the Vesting Date and the Policy is in force on such date, the fund value as on the Vesting Date("Vesting Benefit") is payable under the Policy to the Claimant. Life Assured may choose any one of the following alternatives prior to the Vesting Date:

a) Use the entire Vesting Benefit for purchase of annuity products offered either by the Company or any other annuity provider as may be permitted under the Regulations; or

b) The Life Assured may opt to receive the maximum amount from the Vesting Benefit permitted to be commuted as per the prevailing regulations as a lump sum amount and use the remaining amounts(if any) for purchase of annuities as mentioned in Clause 2.2.1(a).

RI further submits that the Complainant had submitted the discharge form on vesting date, thereby given consent to receive 33.33% of Vesting benefit in cash lump sum and to utilise the balance amount to purchase annuity product with the same Company only. Hence 1/3rd of Vesting amount, Rs.1,17,725.77 was paid to complainant's account and a cheque in the name of same company is written for balance amount of Rs.2,39,018.94 to purchase new Annuity product and communicated the same through their letter dated 11.07.2020. Subsequently on receipt of this letter, Policyholder sent a complaint on 26.08.2020, demanding payment of balance 2/3rd amount also, refused to buy new annuity product as opted by him earlier. Since the complainant failed to complete the requisite formalities and documentation to enable the Company to issue an annuity from the aforesaid balance amount, the said amount remained unutilized and the same triggered issuance of letter dated 21.10.2020 inadvertently. This letter is repeatedly referred by the complainant to claim payment of balance amount, which is barred under the provisions of applicable laws, the company is constrained to decline the Complainant's request.

RI has further gone through the prevailing IRDA regulations regarding payment of commuted value of Vesting amount and prescribed minimum limit for annuities, submits vide their revised SCN dated 08.12.2021, that upto 60% of vested amount can be commuted and balance amount of 40% of Vesting amount Rs.356743/- is not sufficient to issue an annuity. They are prepared to refund the entire amount under the guidance of this forum.

19. Reason for Registration of complaint: -

The complaint falls within the scope of Insurance Ombudsman Rules, 2017.

20. The following documents were placed for perusal: -

a. Complaint along with enclosures,
b. Respondent Insurer's SCN along with enclosures and
c. Consent of the Complainant in Annexure VIA &and Respondent Insurer in VII A.

21. Result of personal hearing with both the parties (Observations & Conclusions):

The issue to be decided by the Forum is whether the Complainant's demand to pay the entire Vesting amount is correct or the rejection of RI is in order.

Personal hearing was scheduled on 10.12.2021. But Complainant expressed his inability to attend the hearing online, send his written submissions on 09.12.2021.

On careful examination of the case and the documents provided by both the parties, Forum notes that, the terms and conditions 2.2.1(b) – Vesting Benefit in Policy Bonds reads as "The Life Assured may opt to receive the maximum amount from the Vesting Benefit permitted to be commuted as per the then prevailing regulations as a lump sum payment, and use the remaining amounts(if any) for purchase of annuities".

As the vesting date under subject policy is 26.06.2020 and it is a ULIP, IRDAI(Unit Linked Insurance Products) regulations, 2019 are applicable. Regulation 22 of IRDAI(ULIP) regulations 2019 reads as "on the date of vesting, options available under Regulation 21(b) above shall be available to the policyholder. In addition, the policyholder will also have the option to extend the accumulation period or deferment period within the same policy with the same terms and conditions as the original policy provided the policyholder is below an age of 60 years".

Regulation 21(b) reads as – " The following options shall be available to the policyholder on the date of surrender:

i) To utilize the entire proceeds to purchase immediate annuity or deferred annuity from the same insurer at the then prevailing annuity rate subject to the Regulation 21(b)(iii) , the policyholder shall be given an option to purchase immediate annuity or deferred annuity from any other insurer.

or

ii) To commute up to 60% and utilize balance amount to purchase immediate annuity or deferred annuity from the same Insurer at the then prevailing annuity rate subject to Regulation 21(b)(iii), the policyholder shall be given an option to purchase available annuity from any other Insurer.

ii) Every policyholder shall be given an option to purchase immediate annuity or deferred annuity from another insurer at the then prevailing annuity rate to the extent of percentage, stipulated by the authority, currently 50%, of the entire proceeds of the policy net of commutation.

iv) For (i) and (ii) above, the purchase of annuity shall be subject to terms and conditions under the product. In case the proceeds of the policy either on surrender or vesting is not sufficient to purchase minimum annuity as defined in Regulation 3(a) of IRDAI(Minimum Limits for Annuities and other Benefits) Regulations, 2015, as amended from time to time, such proceeds of the policy may be paid to the policyholder or beneficiary as lump sum".

AWARD

Taking into account, the facts & circumstances of the case, and the submissions made by both the parties, the Forum directs the Insurer to make payment strictly in accordance with the provisions of prevailing Regulation 22, 21(b)(ii), 21(b)(iii), 21(b)(iv) of IRDAI(ULIP) Regulations, 2019, and Regulation 3(a) of IRDAI(Minimum Limits for Annuities and other Benefits) Regulations, 2015, while keeping in view the current Income Tax rules as well. Insurer is advised to once again obtain consent of the policyholder to the final options and make payment accordingly.

The Complaint is hence **Partially Allowed.**

Compliance of Award:

The attention of the Complainant and the Insurer is hereby invited to the following Provisions of Insurance Ombudsman Rules, 2017:

a. The Complainant shall submit all requirements/Documents required for settlement of award within 15 days of receipt of the award to the Respondent Insurer.

b. According to Rule 17(6) of the Insurance Ombudsman Rules, 2017, the insurer shall comply with the award within thirty days of the receipt of the award and intimate compliance of the same to the Ombudsman.

Dated at Bengaluru on 14th December 2021.

(**VIPIN ANAND**)
INSURANCE OMBUDSMAN
FOR KARNATAKA STATE

PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, STATE OF KARNATAKA
(UNDER RULE NO: 16/17 of THE INSURANCE OMBUDSMAN RULES, 2017)
OMBUDSMAN – VIPIN ANAND
In the Matter of Mrs. Shalini R. Bhat V/s. Life Insurance Corporation of India, Udupi Division
Complaint No: BNG-L-029-2122-0179
Award No: IO/BNG/A/LI/0101/2021-2022

1.	Name & Address of the Complainant	Mrs. Shalini R.Bhat, Opp: Rambhat Compound,

		Kombettu, PUTTUR- 574 201, Dakshina Kannada Dist. Contact No.: 9845889505 Email : Nil
2.	Policy No: Type of Policy: Name of the Policy : Commencement of Policy Policy Period/PPT / Date of Maturity Mode/Sum Assured / Inst. Premium	626356495 Life - ULIP LIC's Samridhi Plus 09.05.2011 10/05 / 09.05.2021 Yly/150000/15000
3.	Name of the Insured Name of the Policyholder	Mrs. Shalini R.Bhat A/S Vishalini Mrs. Shalini R.Bhat A/S Vishalini
4.	Name of the Respondent Insurer	LIC of India, Divisional Office, Udupi.
5.	Date of Repudiation/ Rejection/ Reply	17.06.2021
Q	Reason for repudiation/ Rejection	Maturity payment settled as per terms and condition of the policy
7.	Date of receipt of Annexure VI-A	14.09.2021
8.	Nature of complaint	Short payment on Maturity
9.	Amount of claim	Full Sum Assured
10.	Date of Partial Settlement	12.05.2021
11.	Amount of relief sought	Rs. 38,842.00
12.	Complaint registered under Rule No	Rule 13(1)(b) of Insurance Ombudsman Rules 2017
13.	Date of hearing/place	10.12.2021-Via'On-Line Hearing'Thru'Go-To-Meet'
14.	Representation at the hearing	
	a) For the Complainant	Shalini R.Bhat - Self
	b) For the Respondent Insurer	Mrs. Tara Narasimhan – Manager(Claims)
15.	Complaint how disposed	Disallowed
16.	Date of Award/Order	14.12.2021

17. Brief Facts of the Case:

Complainant has taken the said policy on 09.05.2011 for 10 years term, which matures on 09.05.2021.

Maturity amount under the said policy was claimed to have been paid short of Sum Assured mentioned in the Policy Bond. On writing to the Insurer on 10.06.2021, she received reply on 17.06.2021 confirming the payment on Maturity of the policy made was in order. Not satisfied with this reply Complainant approached this forum.

18. Cause of Complaint: -

a. Complainant's argument:

The Complainant states that, she has taken the emanated policy on 09.05.2021 for Sum Assured Rs.1,50,000 for 10 years term with premium paying term of 5 years. She paid premium in full for 5 years, @ Rs. 15,000/- yearly. On Maturity of the Policy on 09.05.2021, she received Rs.1,11,158/- on 12.05.2021. The payment received is less than the Sum Assured mentioned in the Policy Bond. Complainant states that, she paid Yearly premium regularly in anticipation of getting Sum Assured of Rs.1,50,000/- on Maturity. Being a House wife of Middle class family leading life with meagre interest income for her lively hood, she wants back the full Sum Assured. She approached RI and not satisfied with the reply of RI, again approached the GRO on 14.07.2021 for which she did not received any reply. Aggrieved by this, she approached the Forum.

Respondent Insurer's argument:

The RI vide their SCN dated 27.09.2021 stated that the Policy No. 626356495 – LIC's Samridhi Plus plan, was taken by the Complaint on 09.05.2011 for 10 years term with Premium payment term of 5 years. It is a Unit Linked Insurance Plan in which ' the Investment Risk in Investment Portfolio is borne by the Policyholder'.
This Plan is with Life Cover which will be depending upon the annualised premium or Single premium. Policyholder can choose the Life Cover based on the age at Entry and premium.

Benefits payable on happening of Events as per Policy condition:

Maturity Benefit: On the Life Assured surviving to the Date of Maturity an amount equal to the Policyholders Fund Value shall become payable.
Policyholder's Fund Value on surviving the Policy Term shall be based on highest NAV achieved by the fund over the first 100 months of the policy or the NAV as applicable on the date of Maturity whichever is higher.

Death Benefit: In case of Death of policyholder when the policy is in force, the Death Claim payable will be, HIGHER OF (1) Sum Assured under the basic plan OR (2) The Fund Value of units held in the policyholder's Fund value as at the date of booking the liability.

RI submits that, the Sum Assured under the basic plan and Accident Benefit Sum Assured are printed on the first page of the Policy Bond. Maturity value will be the bid value of units based on the highest NAV over the first 100 months of the policy OR NAV as applicable on the date of policy maturity.

RI further submits that, the Maturity payment was settled in the said policy with the highest NAV as on the date of Maturity. NAV as on 09.05.2021 was 23.2658 with Net units 4777.764 and accordingly an amount of Rs.1,11,159/- was paid, which is as per terms and conditions of the Policy. The Sum Assured 1,50,000/- printed on the policy bond as claimed by the Complainant is Death Sum Assured payable on death of the Life Assured, if the policy is in force. Since RI has settled the Maturity Value as per Terms and conditions of the policy, there is no balance amount of Rs.38,842/- is available with them to make payment as demanded by the Life Assured.

19. Reason for Registration of complaint: -
The complaint falls within the scope of Insurance Ombudsman Rules, 2017 under Rule 13 (1)(b)

20. The following documents were placed for perusal: -

a. Complaint along with enclosures,
b. Respondent Insurer's SCN along with enclosures and
c. Consent of the Complainant in Annexure VIA &and Respondent Insurer in VII A.

21. Result of personal hearing with both the parties (Observations & Conclusions):

The issue to be decided by the Forum is whether the Maturity amount paid by the Insurer is in order or not.

Personal hearing by the way of online Video-conferencing through Go-to Meet was conducted in the said case on 10.12.2021. Mrs.Shalini R.Bhat, Policy Holder/Complainant herself presented the case and Mrs.Tara Narasimhan, Manager(Claims) presented the case on behalf of the Insurer. Both the parties confirmed that audio and video of other party are audible and clear.

During the hearing , both the parties, Insurer and Complainant reiterated the same as submitted earlier.

The Forum notes that, the said policy is a Unit Linked Insurance Plan, is subject to the Market Risk. It is clearly mentioned on the Policy Bond 'IN THIS POLICY, THE INVESTMENT RISK IN INVESTMENT PORTFOLIO IS BORNE BY THE POLICYHOLDER' which gives a clear message that the Fund Value under the policy is depends on the market fluctuations. Further No. 23 of Terms and conditions of the policy bond reads as:

23. Risks borne by the Life Assured: "The value of the units as well as the Benefits relating to the Policyholder's Fund Value are subject to market and other risks and there can be no assurance that the objectives of the above fund will be achieved. However for payment to be made at the end of the policy term, the Policyholder's Fund Value will be based on the highest Net Asset Value(NAV) over the first 100 months of the policy or the NAV as applicable at the end of the policy term, whichever is higher.

Further the value of units can go up or down depending on different factors affecting the capital markets and may also be affected by changes in the general level of interest rates and other economic factors. All benefits under the policy are subject to the Tax laws and other Financial Enactments as they become applicable from time to time".

Further the benefits payable on happening of the events, Maturity & Death is clearly mentioned in the policy bond. Sum Assured mentioned in the Policy Bond is basic Sum Assured which is payable on death not on Maturity.

Forum notes that, the complainant has not been able to establish any deficiency in service on part of Insurer, who acted as per terms and conditions of the policy. Amount offered by the Insurer is as per the terms and conditions of the Policy. As such Forum interference is not required in the RI's decision.

AWARD

Taking into account, the facts & circumstances of the case, and the submissions made by both the parties during the course of Personal hearing, the Forum finds that the Complainant has not been able to establish any deficiency on part of RI, who acted as per terms and conditions of the policy.

The Complaint is hence **Disallowed.**

Dated at Bengaluru on 14th December 2021

(**VIPIN ANAND**)
INSURANCE OMBUDSMAN
FOR KARNATAKA STATE

PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, STATE OF KARNATAKA

(UNDER RULE NO: 16/17 of THE INSURANCE OMBUDSMAN RULES, 2017)

OMBUDSMAN – Shri VIPIN ANAND

In the Matter of Mrs SABITHA P SHENOYV/sLIFE INSURANCE CORPORATION OF INDIA

Complaint No: BNG-L--029—2122- 0038

Award No: IO/BNG/A/LI/0116/2021-2022

The Complainant availed an insurance policy bearing number 616183501 namely "Jeevan Saral Plan with profits" by paying monthly premium of Rs 2042/- (ECS) for a period of 10 years. The date of commencement of the policy is 11.03.2010 & the date of maturity is 11.03.2020. She has paid the premium for full term of the policy. She has received the maturity intimation from LIC OF INDIA, VIJAYANAGAR Branch, wherein the maturity amount was mentioned as Rs.87182.28. The total premium remitted by her was Rs.245070/-. She approached the Respondent Insurer about the maturity sum assured, shown as Rs 500000/- in the policy bond whereas the amount mentioned is very less in the discharge form. Since, the reply given by the GRO is not satisfactory, she approached the Forum for settlement of maturity claim for full SA of Rs.500000 as printed in the Policy Bond.

The Respondent Insurer vide their SCN dated 05/05/2021 addressed to the Forum stated that the Complainant availed the said policy on 11.03.2010 by payment of premium under monthly mode (ECS). It's a Jeevan Saral Plan having unique features with high death cover benefit at a lower premium. When the age of the life assured is more, the risk premium is on the higher side and the maturity value is lower. Further, the complainant has fully understood the terms and conditions of the policy before issuing the policy by signing the declarations in the proposal form and has not exercised the Free Look period option within 15 days from the receipt of the policy bond. The RI confirmed that the calculation of maturity amount in this policy is in order as per the terms and conditions of the policy (Maturity Sum Assured: Rs.61180-00 + Loyalty addition Rs.26002-00 = Maturity Amount Rs.87182/- payable on 10.03.2020). The maturity claim has not been settled by the Respondent Insurer due to non-submission of valid discharge form with other requirements by the complainant. As such, Respondent Insurer prayed for dismissal of the complainant's request to consider the payment of maturity claim for full sum assured of Rs.5 lacs.

The complaint was registered as it falls within the scope of Insurance Ombudsman Rules, 2017 under Sec 13(1) (b).

After careful scrutiny of records, the Forum has observed that the complainant availed the said policy by submitting necessary requirements. In the policy bond, the death sum assured was printed in maturity sum assured column which is a typographical error.

The premium calculation part by the RI is in order and collected for maturity sum assured only. The issue with regard to two columns left blank in the policy schedule was not raised by the complainant on receipt of the policy bond. The RI has also not taken proper care while printing of policy bond. Hence, the deficiency on the part of both the parties has been observed in this case. With the intervention of this Forum, the RI has agreed to refund all the premiums paid by the complainant with interest and the complainant has accepted the offer made by the Respondent Insurer. Accordingly, the RI has sent an amount of Rs.266293-00 through NEFT to the complainant's bank account towards the full and final settlement under the said policy and the Complainant has also confirmed the receipt of the said amount vide her mail dated 22.12.2021 and he does not have any further complaint in this regard. In view of this, the complaint is resolved on compromise basis wherein both the parties have agreed for the same.

AWARD

Taking into account, the facts & circumstances of the case and the records made available to this Forum, the complaint is amicably RESOLVED and closed.

Dated at Bengaluru on this 22nd day of Dec, 2021

VIPIN ANAND
INSURANCE OMBUDSMAN
FOR THE STATE OF KARNATAKA

PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, STATE OF KARNATAKA
(UNDER RULE NO: 16/17 of THE INSURANCE OMBUDSMAN RULES, 2017)
OMBUDSMAN –VIPIN ANAND
In the Matter of MRS. R.ASHALATHA V/s MAX LIFE INSURANCE COMPANY LIMITED
Complaint No: BNG--L--032--2122—0181
Award No: IO/BNG/A/LI/0100/2021-22

1.	Name & Address of the Complainant	Mrs. R. Ashalatha, 137, 29th Main,7th Cross, BTM Layout 2nd Stage, BANGALORE – 560076. MOB: 9901666514 & 9845914206
2.	Policy No: Type of Policy: Name of the Policy: Commencement of Policy/ Policy Period/PPT Mode/Premium Amount	868328246 Life LIFE PARTNER + LIMITED PAY ENDOWMENT TO AGE 75 PLAN 26.03.2012 24 Years/07 Years Yearly / ₹20000/-
3.	Name of the Insured Name of the Policyholder	Mrs. Ashalatha Raghu Mrs. Ashalatha Raghu
4.	Name of the Respondent Insurer	Max Life Insurance Company Ltd
5.	Date of Repudiation/ Rejection	26.05.2021
6.	Reason for repudiation/ Rejection	Complainant knows very well about the product features before issue of the policy.
7.	Date of receipt of Annexure VI-A	29.10.2021
8.	Nature of complaint	Mis-sale
9.	Amount of claim	₹140000/- + interest @7% from 2018 till date of return of premium by the Insurer.
10.	Date of Partial Settlement	N A
11.	Amount of relief sought	₹140000/- + interest @7% from 2018 till date of return of premium by the Insurer.
12.	Complaint registered under Rule No	13(1)(d) of Insurance Ombudsman Rules, 2017
13.	Date of hearing/place	10.12.2021 at 3.00 pm Bengaluru- Through 'On-line' Video Conference – Thru 'Go-To-Meet'
14.	Representation at the hearing	
	a) For the Complainant	SELF with her husband Sri K.Raghu
	b) For the Respondent Insurer	Akash Singh – Legal Manager of RI
15.	Complaint how disposed	DISALLOWED
16.	Date of Award/Order	14.12.2021

17. Brief Facts of the Case:

The Complainant complains that the maturity amount shown as Rs.78243-00 in the policy bond & interest of Rs.5868-00 is payable from the age 61 to 75 years which is less than interest of savings bank account. She has paid the total premium of Rs.140000/- (Rs.20000/- per year for 7 years). When she approached the Insurer about this, the reply given by them is not satisfactory. Hence she has approached this Forum for relief.

1**8. Cause of Complaint: -**

a. Complainant's argument:

The Complainant stated that she has availed the said policy from the RI on 26.03.2012 with an annual premium of Rs.20000-00. She has paid the premium for 7 years. The maturity sum assured payable shown as Rs.78243/- which less than 45% of the total premium paid by her. She is supposed to get 7.5% of interest on total premium paid by her from 61 years to 75 years. But, the interest payable is Rs.5868/- per annum as specified by the Insurer. She has not received the first instalment of interest on completion of 61 years. Now, her total money of Rs.140000/- + interest @ 7% from 2018 till the date of return by the Insurer is to be refunded. When she represented with the Respondent Insurer on 25.04.2021, the reply given by them vide their mail dated 26.05.2021 is not satisfactory. Aggrieved, she has approached the Forum for redressal of her grievance.

b. Respondent Insurer's argument:

The Respondent Insurer vide their SCN dated 28.09.2021 stated that the Complainant was given 15 days free look period to raise concerns in relation to features and terms and conditions of the policy. Since, the Complainant never exercised the Free look cancellation option, it demonstrates that Complainant was fully satisfied and agreed to the terms and conditions of the policies in question and it is evident that the complainant with malafide intent to wriggle out of the contract of insurance has devised this false story to create an impression that she was mis sold the policy and to impute the blame of deficiency of service. Since, proposal form and illustrations were duly signed by complainant, that there is no scope of ambiguity and the complainant approached after paying 7 years of premium. Now, the policy is in fully paid up status. Further, the agent in the policy is the husband of the complainant and now she cannot allege mis sale. As per terms and conditions of the policy, if the policy is in full force, during the life time of the of life insured, they will pay every year until maturity @ 7.5% of the sum insured as specified in the policy schedule on each policy anniversary starting with the policy anniversary immediately following the 61st birthday of the life insured i.e., from 26.03.2022. Upon maturity of the policy, they will pay the sum insured as specified in the schedule together with sum insured of paid up additions, if any. The policy will mature on 26.03.2036 as per policy contract. Hence, the complainant is well aware of the policy terms and conditions and there was no mis selling. The Complainant is not entitled to claim any refund as the Insurance Company has run the risk of the complainant's life and invested the money so received as premium. Now, at this stage as per Law of Estoppel, complainant is estopped from denying the fact of taking the policy as per terms agreed and finalized. Hence, they have prayed for dismissal of the complaint.

19. Reason for Registration of complaint: -

The complaint falls within the scope of Insurance Ombudsman Rules, 2017 under Sec 13(1)(d).

20. The following documents were placed for perusal: -

a. Complaint copy, Annexure VIA & mail correspondences with RI
b. Respondent Insurer's SCN along with policy bond Xerox copy, proposal form and benefit illustrations without signature of the policy holder.
c. Consent by the Complainant in Annexure VIA & and Respondent Insurer in VII A agreeing for mediation by the Insurance Ombudsman.

21. Result of personal hearing with both the parties (Observations & Conclusions):

The issue is to be decided by the Forum whether the sale of the said policy is a 'Mis-sale'.

Hearing was conducted on **10.12.2021** @ 2.30 pm in the said case by the way of online video conferencing through Go to Meet. The Complainant Mrs. R. Ashalatha represented her case with husband Mr. K. Raghu and Mr. Akash Singh presented the case on behalf of Respondent Insurer. Confirmation was taken from the participants about the clarity of audio and video and to which the participants responded positively.

During course of hearing the Complainant has presented her case. She is complaining that she is not receiving any bonus intimation from the RI. Further, the RI should calculate the benefit of 7.5% on the total premium which he has already paid and not on the maturity sum assured of Rs.78243/-.

The RI maintained their stand as per their SCN.

On the scrutiny of records placed before the Forum, it is observed that the Complainant has not exercised the free look cancellation option during 15 days free look period. Further, as per the terms and conditions of the policy under heading BENEFITS, it reads as;
Sl No. (1) Maturity: “Upon maturity of the Policy, we shall pay you Sum insured as specified in the Schedule together with Sum Insured of Paid up additions if any”;
Sl No. (4) Living Benefits: “While the Policy is in force and during the lifetime of the life insured, we will pay every year until maturity, 7.5% of Sum Insured as specified in the schedule on each Policy anniversary starting with the Policy anniversary immediately following the 61st Birthday of the life insured”.

Since the policy was sold by the agent, who is the husband of the complainant, the Forum finds that there is no evidence of misselling on the part of the Respondent Insurer.

RI have acted as per terms and conditions of the policy which is in order. Hence, the complaint is disallowed. The Forum advises the RI to send the statement of bonus to the complainant regularly.

AWARD

Taking into account, the facts & circumstances of the case and the submissions made by both the parties during the course of hearing by the way of online video conferencing through Go to Meet, the Forum finds that the complainant has been unable to establish misselling/deficiency of service on the part of the RI. Hence, the complaint is **DISALLOWED.**

Dated at **Bengaluru, this 14th day of Dec,2021.**

VIPIN ANAND
INSURANCE OMBUDSMAN,
FOR THE STATE OF KARNATAKA

Proceedings of
THE INSURANCE OMBUDSMAN
KERALA, LAKSHADWEEP & MAHE
[Under Rule No.13 1(b) Read with Rule 14 of the Insurance Ombudsman Rules, 2017]
Present: Mr. Girish Radhakrishnan
Insurance Ombudsman
Complaint NoKOC-L-029-2122-0242
Complainant : Mr. Prabhakumar **Respondent Insurer :**LIC of India

AWARD

1.	Address of the Complainant	:	Vellappallil House Nendoor P O Kottayam 686601
2.	Policy Number	:	395387246, 395387241
3.	Name of the Insured	:	Mr. Prabhakumar
4.	Type of Policy	:	LIFE
5.	Date of receipt of Complaint	:	22.09.2021
6.	Nature of complaint	:	Shortfall in Maturity claim - Jeevan Saral
7.	Date of hearing	:	10.12.2021
8.	Party present at the Hearing for the Complainant	:	Mr.Prabhakumar
9.	Party present at the Hearing for the Insurer	:	Mr. Shani Mathew

Award No. IO/KOC/A/LI/0137/2021-22

This is a complaint filed under Rule 13(1)b read with Rule 14 of the Insurance Ombudsman Rules, 2017. The complaint alleges short payment of Maturity claim under a Jeevan Saral policy issued by the Respondent Insured. The Complainant, Mr. Prabhakumaris the policy holder.

1. Complainant's Averments

The averments and submissions in the complaint are as follows:

(1) He was an employee in Keltron and he took a JeevanSaral policy in 2011 for a 10 year term. He was paying a premium of Rs.1225/- quarterly. In 2021 when the policy matured he has been intimated by LIC that the maturity amount he gets is less than the total amount remitted as premium.
(2) The policy was taken to save for his daughter's marriage.
(3) His wife also had a similar policy no 395387241 and she also has had a similar experience of not getting back even the amount paid as premium.
(4) He is coming from a financially poor family; this kind of behaviour of LIC is unjust and destroys faith in that institution. He requests this forum to direct the Insurer to at least refund the premiums remitted.

2. Respondent Insurer's Contentions:

The Respondent Insurer (**RI**) entered appearance and filed a Self Contained Note **(SCN).** The averments and submissions in the SCN are summarized as under:-

(1) LIC of India has issued a policy bearing no.395387246 on the life of Shri. Prabhakumar under JeevanSaral plan (plan 165) for a Death Benefit Sum Assured of

Rs.1,00,000/- with Date of Commencement of risk 31.05.2011 and term 10 years and maturity date28.05.2021. The Complainant (Life Assured) had paid all the premiums due under the policy without any default.

(2) The policy under question is a JeevanSaral policy, for which Death Benefit Sum Assured and Maturity Sum Assured are distinctly defined. Death Benefit Sum Assured is payable only on death of the policy holder during the term of the policy, while Maturity Sum Assured is payable on the date of maturity. Maturity sum assured is clearly printed on the policy bond.

(3) JeevanSaral policy was introduced to cover high death benefit at low premium irrespective of age at entry and term. But the Maturity Sum Assured will be different and dependant on the entry ages and term of the policy. The Maturity Sum Assured has been computed by our actuaries based on several factors like Mortality, expenses etc and hence it decreases with increase in age at entry. The maturity value is less than the premium paid in respect of Jeevan Saral Policy, in case the policy is taken at higher ages.

(4) The policy holder is eligible for Maturity Sum Assured of Rs.31,176/- and Loyalty Addition of Rs.9,353/- on the date of Maturity-28.05.2021 (total Rs.40,529/-).The Complainant is not eligible for any of the reliefs claimed.

(5) LIC is a public limited undertaking constituted as per statute to render policies for the welfare of the citizens, and is only the custodian of public funds. Payment of amounts higher than that envisaged by the policy conditions will be a drain on the public fund and no one is authorized to make any payment which are not in conformity with the rules and guidelines issued by the corporation.

(6) The policy pays a full Death Sum Assured + Refund of premiums excluding extra premium and first year premium + Loyalty Addition, if any. Death Benefit Sum Assured is 250 times monthly basic premium. The cited policy was taken by the Complainant at age 52 and it offers Death Sum Assured for Rs.1,00,000/- while the total premiums paid is only Rs. 48000/- (excluding Accident Benefit Premium).

3. I heard the Complainant and the Respondent Insurer at a Hearing on 10.12.2021.

<u>The Complainant</u> reiterated his averments and submissions detailed in his complaint. He submitted that the rejection of his claim was unreasonable and should be reconsidered. He further mentioned that his wife also had similar JeevanSaral and had a similar shocking experience. He was not told about the features of the policy when it was sold to him. Only when he went to inquire about why he was being paid even less that the premium he had paid, he was told by the staff at LIC that he would get Rs. 1 Lakh only if he died. He found this very shocking and cruel.

<u>The Respondent Insurer</u> also reiterated the submissions made in the SCN and once again emphasized that this particular plan has many special features unlike other conventional life insurance policy. The Maturity Sum Assured and Death Benefit Sum Assured are different and have been worked out on the basis of separate actuarial calculations. The benefit amounts have been correctly printed on the policy document which the Complainant would have easily read and understood. Hence settled the eligible maturity amount under the policy and no further amount is payable under the policy.

4. Having heard both the sides and having perused all the documents submitted in detail, I find as under:-

(1) While it may be that the Complainant really did not read and understand the policy terms and conditions and benefit limits, nevertheless it can be seen from the policy document that the benefits are clearly printed therein. The maturity benefit and the death benefit are separately written.

(2) The JeevanSaral policy evidently has a “risk” component wherein the Life Assured is covered for Rs.100,000/- in the event of his unfortunate death in the course of the policy term. The maturity benefit is a different one, based on the RI’s investment of a part of the premiums paid by the Life Assured. A part of the premium is set aside for the risk cover and the rest is invested by the RI.

(3) This is primarily a risk protection policy and does not compare favourably therefore with a pure investment instrument as the Complainant seems to want to do.

(4) There is a clearly and unambiguously worded policy contract before us now and both the parties to the contract are bound by the terms, conditions, exceptions, exclusions and financial limits specified in the policy. While I have every sympathy for the Complainant’s predicament, assuming that he really was taken by surprise at the financial result that the policy delivered on maturity, I cannot find anything wrong or unreasonable on the part of the Respondent Insurer. Upon the policy-holder/life assured surviving till maturity of the policy, the policy can deliver only the Maturity Benefit Sum Insured that is described on the face of the policy. Found accordingly.

5. Award

In the result, this Award is passed upholding the decision of the Respondent Insurer and dismissing the complaint. No order as to costs.

Dated this the29th day of December 2021

Sd/-

(**Girish Radhakrishnan**)

INSURANCE OMBUDSMAN

Proceedings of
THE INSURANCE OMBUDSMAN
KERALA, LAKSHADWEEP & MAHE
[Under Rule No.13 1(b) Read with Rule 14 of the Insurance Ombudsman Rules, 2017]
Present: Mr. Girish Radhakrishnan
Insurance Ombudsman
Complaint NoKOC-L-029-2122-0240
Complainant : Ms. Ranjana Kumari V M
Respondent Insurer :LIC of India

AWARD

1.	Address of the Complainant	:	Nirmalyam Thayyilpeedika Panangad P O Balussery Kozhikode 673612
2.	Policy Number	:	797253059
3.	Name of the Insured	:	Ms. Ranjana Kumari V M
4.	Type of Policy	:	LIFE
5.	Date of receipt of Complaint	:	22.09.2021
6.	Nature of complaint	:	Shortfall in Maturity claim - Jeevan Saral
7.	Date of hearing	:	10.12.2021
8.	Party present at the Hearing for the Complainant	:	Ms. RanjanaKumari V M
9.	Party present at the Hearing for the Insurer	:	Ms. Sapna C S

Award No. IO/KOC/A/LI/0138/2021-22

This is a complaint filed under Rule 13(1)b read with Rule 14 of the Insurance Ombudsman Rules, 2017. The complaint alleges short payment of a claim under a Jeevan Saralpolicy issued by the Respondent Insurer. The Complainant, Ms. Ranjana Kumari V M is the policyholder.

2. Complainants' Averments

The averments, contentions and submissions of the Complainant are summarized as under:-

(1) The Complainant had a JeevanSaral policy for Rs. 1 Lakh since 2011.The term of the policy was 10 years. The policy matured in 2021 and a maturity amount Rs40,523 was paid. The total premium paid is Rs49,000.

(2) The agent who canvassed the policy assured Rs100,000 and the amount sum assured printed on the document is Rs100,000.

(3) So the Complainant is shocked at the maturity amount. She never expected this from an organization like LIC with sovereign guarantee for each rupee paid by the policy holders.

(4) The Complainant took up the issue with the Respondent Insurer's grievance cell but did not get a positive response hence approached this forum for refund of premium with the prevailing bank interest.

2. Respondent Insurer's Contentions:

The Respondent Insurer (**RI**) entered appearance and filed a Self Contained Note **(SCN).** The averments and submissions in the SCN are summarized as under:-

(a) The Policy No : 797253059 is issued to Life Assured Smt.Ranjanakumari VM vide Plan &Term –165-10with Date of Commencement of 13.07.2011.

(b) The above policy bearing No 797253059 taken by the Complainant is a JeevanSaral Policy where the Maturity Sum Assured and Death Sum Assured are different. Maturity sum assured will differ according to age and term. The basic monthly premium in the policy is Rs400.00. Maturity sum assured for Rs 100/- premium for age 52 and term 10 years is Rs7794.00. Hence the maturity sum assured for Rs 400 per month is Rs 31176/-. As per policy terms and conditions the amount payable at maturity is a sum equal to the maturity sum assured along with loyalty additions and the same is printed in the policy document. The policy was revived on 28.10.2013 just 2 years after the date of commencement of the policy. The policy holder had at the time a chance to review the policy and by continuing with the policy she has agreed to the terms and conditions of the policy.

(c) Date of maturity of the above policy was 13.07.2021 and the same was intimated to her on 06.07.2021 with the discharge form and details of amount payable as maturity benefit, i.e., Maturity sum assured Rs 31176/- + loyalty addition Rs 9353/- totaling to Rs 40529/-less unpaid premium interest .We have settled the claim in favor of the LA on 13.07.2021.

(d) JeevanSaral belongs to the category of high risk plans, wherein the insurance coverage offered is substantially higher, especially at higher ages. The unique feature of this plan is that the installment premium to be paid is determined by the customer and the sum assured payable in the unfortunate event of death, known as death sum assured is then decided on the basis of the premium thus selected. The maturity sum assured, unlike in conventional plans, is calculated depending upon the age of the life assured and the term of the policy. The death sum assured under this plan is 250 times the monthly premium selected by the customer. In all other conventional insurance plans, the installment premium payable for the same sum assured varies according to the age of the customer. However, in this particular plan, the premium payable and death sum assured remains the same irrespective of age.

(e) In any traditional life insurance product, the premium charged for covering the risk increases as one's age increases. This means that for the same death sum assured the premium payable varies for two customers having different ages. This is because the costs of providing death cover increases with age. Whereas, in our JeevanSaral plan, the premium and thus the death benefit are selected by the customer and remains the same irrespective of age. Hence, to factor in the risk premium, the maturity value is calculated based on age and duration of the policy. Thus when the age and when the policy is purchased is on the higher side, the maturity value is lower.

(f) In case of death the benefits payable are death sum assured and return of premiums excluding1st year premiums and extra premiums if any. In this policy for a low premium of Rs49000.00 for 10 years he was getting a coverage of Rs 100000/- and return of premiums in case of his death during the premium paying term. This policy offers a very high risk cover for a low premium. The maturity sum assured will vary according to age and will be comparatively lower for advanced ages.

(g) Whatever benefits are actually eligible as per terms and conditions of the policy has been informed to the life assured at the inception of the policy itself. Since the Complainant has taken the policy at the advanced age of 52 the maturity benefit will be less comparing to high death benefit offered.

(h) Hence Ombudsman is requested to set aside the complaint and uphold RI's stand.

3. I heard the Complainant and the Respondent Insurer at a Hearing on 10.12.2021.

The Complainant reiterated her averments and submissions detailed in her complaint and requested once again for refund of the premiums remitted.

The Respondent Insurer submitted the points mentioned in their original averments. RI further submitted that the policy is more like a term assurance wherein the risk portion is more than the savings element in higher ages and hence higher the age the amount appropriated towards the mortality charges is higher. So the Death sum assured is Rs. 1 Lakh which is a big risk amount for the premiums remitted. The Maturity sum assured is 31,176 which is printed on the policy bond and the Complainant cannot ask for higher amount at the time of maturity.

4. Having heard both the sides and having perused all the documents submitted in detail, I find as under:-

(1) While it may be that the Complainant really did not read and understand the policy terms and conditions and benefit limits, nevertheless it can be seen from the policy document that the benefits are clearly printed therein. The maturity benefit and the death benefit are separately written.

(2) The JeevanSaral policy evidently has a "risk" component wherein the Life Assured is covered for Rs.100,000/- in the event of her unfortunate death in the course of the policy term. The maturity benefit is a different one, based on the RI's investment of a part of the premiums paid by the Life Assured. A part of the premium is set aside for the risk cover and the rest is invested by the RI.

(3) This is primarily a risk protection policy and does not compare favourably therefore with a pure investment instrument as the Complainant seems to want to do.

(4) There is a clearly and unambiguously worded policy contract before us now and both the parties to the contract are bound by the terms, conditions, exceptions, exclusions and financial limits specified in the policy. While I have every sympathy for the Complainant's predicament, assuming that she really was taken by surprise at the financial result that the policy delivered on maturity, I cannot find anything wrong or unreasonable on the part of the Respondent Insurer. Upon the policyholder/life assured surviving till maturity of the policy, the policy can deliver only the Maturity Benefit Sum Insured that is described on the face of the policy. Found accordingly.

5. Award

In the result, this Award is passed upholding the decision of the Respondent Insurer and dismissing the complaint. No order as to costs.

Dated this the29th day of December 2021

Sd/-

(**Girish Radhakrishnan**)

INSURANCE OMBUDSMAN

THE INSURANCE OMBUDSMAN

KERALA, LAKSHADWEEP & MAHE

[Under Rule No.13 1(i) Read with Rule 14 of the Insurance Ombudsman Rules, 2017]

Present: Mr Girish Radhakrishnan

Insurance Ombudsman

Complaint No.KOC-L-041-2122-0236

Complainant : Mr. Sajan P Sebastian

Respondent Insurer :SBI Life Insurance Company Ltd.

AWARD

1.	Address of the Complainant	:	Pathazhakuzhickal House Koothrappally P O Kottayam 686540
2.	Policy Number	:	1H001887301
3.	Type of Policy	:	LIFE (Pension Product)
4.	Date of receipt of Complaint	:	19.09.2021
5.	Nature of complaint	:	Refund of fund value of matured policy
6.	Dates of hearing	:	18.11.2021 and 02.12.2021
7.	Party present at the Hearing for the Complainant	:	Mr. Sajan P Sebastian
8	Party present at the Hearing for the Insurer	:	Ms. LekshmiSreekumar

AWARD NO.IO/KOC/A/LI/0139/2021-2022

This is a complaint filed under Rule 13(1)i read with Rule 14 of the Insurance Ombudsman Rules, 2017. The complaint is regarding alleged refusal of Respondent Insurer (**RI**) to refund the accumulated fund value of a policy. The Complainant, Mr. Sajan P Sebastian is the policyholder/life assured.

1. **Complainant's Averments**

   The averments, contentions and submissions in the complaint are summarized as follows:

   (1) The Complainant had an insurance policy no 1H001887301 with the Respondent Insurer. The RI rejected the Complainant's request for refund of premiums paid and has been forcing him to purchase an annuity policy with the fund proceeds.

   (2) Such purchase of annuity is not mandatory for a lapsed policy. he policy commenced in 25.8.2015 and three yearly premiums remitted. Policy premium paying term is 5 years. According to the policy terms under the 'discontinued' section clause 6.5.1.3, the fund value must be made available from the start of 6th year which is 25.8.2020.

   (3) The Complainant has been communicating with the insurer about the refund but his request was rejected.

   (4) The Insurer is only offering annuity plan which is not acceptable to him and is in violation of the policy terms.

   (5) Hence the Complainant requests for the refund of the fund value to him with 4.5% interest.

2. **Respondent Insurer's Averments**

The Respondent Insurer (**RI**) entered appearance and filed an elaborately argued Self Contained Note (**SCN**). The RI's averments, contentions and submissions are summarized as under:

(1) SBI Life Retire Smart policy bearing no. 1H001887301was issued to the Complainant with date of commencement as 25/08/2015 for a "Policy Term" of10 years and "Premium Paying Term" of 5 years. The policy was issued on the basis of a duly filled and signed proposal form.

(2) The terms and conditions of the policy as well as the benefits under the policy were clearly stated in the policy document. The RI has not given any assurance regarding the benefits payable other than what is mentioned in the policy document.

(3) If the policyholder was not satisfied with the terms and conditions of the policy document, he could have approached the RI within the 'free-look' cancellation period. The Complainant did not do so. Further, the Complainant is a graduate and is qualified enough to understand the terms and conditions of the policy. Attention is drawn to the Order dated 25.04.2019 of the Hon'ble Additional District Consumer Disputes Redressal Forum, Banglore-1 in the complaint filed by one Sri VaradarajaIyengar against SBI Life. Para no. 11 of the said order reads: "*It is the bounden duty of the Complainant to go through the terms and conditions of the policy for which a look out period has been provided and Complainant could have gone through the terms and conditions of the insurance policy after receiving the same and should have opted out in respect of this policy if he was not agreeable for the said terms and conditions of the policy and the said terms and conditions are detrimental to his interest. He has not exercised his right of look out period. He could have refused to continue the policy. He has not done so*." The Hon'ble District Forum dismissed the said complaint and imposed a cost of Rs.10, 000/- on the said Complainant to be paid to the Company.

(4) The RI received 3 annual premiums under the policy, i.e. the initial premium and 2 renewal premiums until the due date25/08/2017. Later renewal premiums due on 25/08/2018 and onwards were not received by the RI and in accordance with the terms and conditions of the policy, the policy discontinued.

(5) In the instant case, the lock-in period of 5 years is completed and the Complainant has an option to purchase annuity policy for the whole discontinued value or he may commute one third of the total discontinued value and for the balance amount, he has to necessarily purchase annuity plan from the RI.

(6) The IRDAI notified (Linked Insurance Product) Regulations, 2013 on16.02.2013. As per the said Regulations, even in case of discontinuance of the policy due to non-payment of renewal premium or surrender, the proceeds of the discontinued policy will be payable only on completion of the lock-in period only, which is a period of 5 consecutive years from the date of commencement of the policy. Chapter VII of the said Regulations deals with Pension Products. Regulations No. 27 and 28 of the said Regulations which deal with the options available to the policyholders on Surrender and on vesting of Pension and annuity products regularly, make it abundantly clear that in respect of pension and annuity products, the policyholder may commute a portion of the accumulated value and the balance amount has to be necessarily used to purchase immediate annuity from the same Insurer. Thus, the IRDAI Regulations clearly prohibit an Insurer to make the payment of entire accumulated value either

at the time of surrender of the policy or at the time of maturity of the policy and the policyholder does not have any other option except taking the proceeds in the form of an annuity.

(7) The basic feature of the product is that the Policyholder will never be paid entire fund value at the time of vesting /surrender of the policy but he/she will have to take the accumulated fund value in the form of annuity only except the permissible commuted value [that is, a part of the total accumulated value of the fund] which she may withdraw in lump-sum and the balance is necessarily paid to her in the form of annuities at periodical intervals chosen by the policyholder. Thus the demand of the Complainant to refund the entire fund value of the discontinuance fund is not permissible and is ultra-vires the product regulations of IRDAI.

(8) The policy document is evidence of contract and both the insurer and insured are bound by the terms and conditions of the policy.

(9) Further, compassion cannot overturn law.

(10) Without prejudice to what is stated above, it is submitted that in the duly filled and signed proposal form bearing no. 1HAK602360 dated 20/08/2015 the Complainant had declared as under:

> *"I hereby declare that the foregoing statements and answers have been given by me after fully understanding the questions and the same are true and complete in every manner and that I have not withheld any information...I understand and agree that the statements in this proposal constitute warranties. I do hereby agree and declare that these statements and this declaration shall be the basis of the contract of assurance between me and SBI Life Insurance Co. Ltd....I further state that the product features and the terms and conditions have been thoroughly explained to me and that I consent to the same"*

Solely based on the proposal form, believing the information contained therein to be true and complete, SBI Life Retire Smart policy bearing no. 1H001887301 was issued to the Complainant with date of commencement as 25/08/2015 for a policy term of 10 years and premium paying term of 5 years.

The person who signs the proposal form is totally responsible for the contents contained therein and he/she cannot plead ignorance of the same. Further, the Complainant is an educated person and had every means to understand the nature of the policy he was purchasing. Further, he paid renewal premiums under the policy which

(11) In the instant case, the renewal premiums under the policy were payable on25th August every year during the Premium Paying Term of 5 years. The Complainant has paid renewal premiums until the due date 25/08/2017 and subsequent premiums for the due date of 25/08/2018 and onwards were not received by the RI. In accordance with clause no. 8.1 of the terms and conditions of the policy document,

> *"8.1.1 You are required to pay the Premiums in full always on the Premium due dates.*
>
> *8.1.2 You are required to pay unpaid Premium, if any, on or before expiry of Discontinuance Notice Period.*
>
> *8.1.4 You are required to pay the Premiums even if you do not receive Premium notice or any other communication from us".*

Without prejudice to the same, the RI sent Notice of Discontinuance dated 29.09.2018 to the Complainant.

(12) As per Clause No. 6 “Discontinuance of Premiums” of the terms and conditions of the policy document, “Discontinuance of Premiums”,

> “6.1 *If you have not paid any premium due within the Grace Period, we will send you the Discontinuance Notice within 15 days from the expiry of Grace Period. Non-receipt of the notice however, will not be construed as a breach of any contractual obligation on our part.*
>
> *6.2 In the notice we would state that that you are entitled to exercise one of the following options upon discontinuation of the policy:*
>
> *6.2.1 Opt to Revive the policy within 2 years; or*
>
> *6.2.2 Complete withdrawal/Surrender from the policy.*
>
> 6.3 *You should choose your option within a period of 30 days from the date of receipt of notice, during this period the life cover would continue.*
>
> *……..*
>
> *6.6 If you opt to completely withdraw from the policy or you do not exercise any of the options during notice period, then:*
>
> *6.6.1 If premium is discontinued during first five policy years*
>
> *6.6.1.1 Your fund value as on that date will be disinvested and credited to Discontinued Policy Fund net of relevant discontinuance charge.*
>
> *6.6.1.2 The fund value of the discontinuance policy fund as on the first working day of 6th policy year will be paid.”*

(13) Thus, in the instant case, if the renewal premium is not paid within the grace period, the RI will send discontinuance notice within 15 days from the expiry of grace period requesting the policy holder either to revive the policy or to opt for complete withdrawal/surrender of the policy. If the policy holder opts to completely withdraw from the policy or does not exercise any of the options during the notice period (if the premium is discontinued during first five policy years), the fund value as on that date will be disinvested and credited to discontinued policy fund net of relevant discontinuance charge and the fund value of the discontinuance policy fund as on the first working day of 6th policy year will be paid.

(14) However, the Complainant did not choose an option as mentioned in the Notice of Discontinuance and in accordance with the terms and conditions of the policy, the policy went into discontinuance. Accordingly, a letter of discontinuance dated 10.12.2018 was sent to the Complainant stating that the fund value of an amount of Rs. 9,75,526.56/- has been credited to the Discontinued Policy Fund, which will be paid to the Complainant on the first working day of the 6th policy year.

(15) The same has been stated under clause no. 4.4 of the terms and conditions ofthe policy document as well. As per clause no. 4.4, “Surrender”, under sub-clause no. 4.4.4,

> 4.4.4 *On Surrender/Complete Withdrawal, you have to opt from the below mentioned options. These options would be available only after completion of the lock-in period.*

4.4.4.1 You can utilize your entire surrender benefit to purchase an immediate annuity, at the then prevailing rate, from us.

4.4.4.2 Alternatively, you can choose to commute a part of the amount, to the extent allowed as per the relevant statutes prevailing at that time and purchase an immediate annuity, at the then prevailing rate, from us for the balance amount. Under the current Rules, up to a third of the total amount can be commuted.

4.4.4.3 Alternatively, you can purchase a single premium deferred pension product, from the entire policy proceeds

4.4.4.4 You cannot utilise your surrender value in any other way."

(16) The lock in period of five years under the policy ended in the year 2020. Hence, the Complainant is requested to contact the nearest SBI Life branch and purchase an immediate annuity in accordance with the terms and conditions stated in the policy document and as stated hereinabove. The terms and conditions of the policy document and the IRDAI Regulations prohibit an insurer to release the full discontinued fund value at any point of time. Hence, nothing is payable as on date.

(17) The RI is abiding by the terms and conditions of the policy document. The Complainant is relying on clause 6.5.1.3 in his complaint which states that *"If you do not revive within the revival period then the discontinuance pension fund value as on the end of revival period or the first business day of the 6th policy year, whichever is later, would be made available to you and the contract would be terminated".* However, it is pertinent to note that Clause 6.5 specifically states "*If you exercise the option to revive the policy within revival period then:".* Thus, since the Complainant did not revive the policy with in the revival period, the said clause in not applicable in the present case. Moreover, Clause 6.6.1.2 read along with 4.4.4. holds relevance in the present instance. Therefore, the allegation that the Company has been wrongly applying the clauses is baseless and vexatious and is denied by the Company.

(18) The very Product "Retire Smart" is a Pension plan whereunder the receipt of entire corpus is not envisaged or intended. The Pension plan itself suggests that the Complainant will be paid Pension/ annuities as per the terms and conditions of the policy. The policy document, for the sake of convenience and easy comprehension, is divided into several sections and clauses but all the sections and clauses together constitute the entire policy contract. The Complainant is not expected to or is not entitled to pick up only certain clauses in isolation and try to interpret them in his favour.

(19) The Complainant has to exercise either option. Even complete withdrawal from the policy is an option. In the instant case, the Complainant does not want to continue the policy and thus is completely withdrawing from the policy. The case of the Complainant being the complete withdrawal from the policy, the Complainant cannot ignore the provisions governing Surrender of the Policy or Complete withdrawal from the policy as detailed under clause no. 4.4.4. The relevant clause and terms and conditions of the policy are to be read as a whole and not in isolation.

(20) The basic feature of the product is to save systematically and to build retirement corpus for policyholder. Thus, it is mandatory to use the accumulated fund in the

form of annuity only at the time of surrender after the lock in period or at the time of maturity, with the only exception of withdrawal of the permissible commuted value[which is a part of the total accumulated value of the fund and up to one third of the total amount can be commuted], which can be withdrawn in lump sum and the balance would be paid to him in the form of annuities at periodical intervals, as chosen by the policyholder.

(21) The product has been approved by the IRDAI and does not provide for cancellation of the policy and refund of premium after expiry of free look period. Thus the Company cannot make any payment against the terms and conditions of the policy which amounts to violation of IRDAI Regulations.

(22) As per the terms and conditions of the policy, on Surrender/maturity/vesting, the policyholder may commute a portion of the accumulated value and the balance amount has to be necessarily used to purchase immediate annuity from the same Insurer. Hence, it is submitted that the policy proceeds have to be utilised as per the terms and conditions of the policy document, which is the evidence of contract between the insurer and the policyholder.

(23) Insurance is pooling of risks and the Insurance Company administers the risk and holds the public money in trust. Thus, the Company cannot be expected to make a charity of Public money which it holds in trust. The Company incurs considerable expenses in issuing a policy believing that the customers will abide by the terms and conditions of the policy. The Company holds the Public money in trust. Making payments outside the terms and conditions of the policy will cause loss to the insuring public

(24) The product has been approved by the IRDAI and the RI cannot make any payment against the terms and conditions of the policy which amounts to violation of IRDAI Regulations.

(25) A person who asserts a fact should substantiate the same with documentary evidence and should prove it absolutely. A mere allegation against the RI without supportive evidence does not shift the burden of proof to the RI. The Complainant has failed to prove any deficiency on the part of SBI Life and as such the complaint is perverse and illegal and should be dismissed in limine. Allowing such complaints would prejudice the interests of the RI and sends wrong signals to the community that any person can make an allegation without the burden of proving the same. Giving credence to unsubstantiated allegations will go against the very spirit of the Indian Evidence Act, 1872 which basically mandates that a person who asserts a fact should prove the same. Thus there is no deficiency on the part of SBI Life Insurance Co. Ltd. Hence there is no cause of action for the Complainant to raise the dispute against SBI Life.

(26) The policy document is evidence of contract and both the insurer and insured are bound by the terms and conditions of the policy. The complaint is vexatious and is not maintainable and hence it is humbly prayed that the complaint may be dismissed. TheComplainant’s demand to refund his discontinued fund value is ultra vires the terms and conditions of the policy and hence not tenable. SBI Life Insurance Co. Ltd hereby denies all the allegations made in the complaint against the Company. The action of SBI Life Insurance Co. Ltd. is strictly as per the terms and conditions of the policy.

3. I heard the Complainant and the Respondent Insurer at two hearings on 18.11.2021 and 02.12.2021.

(1) The Complainant reiterated his averments and submissions made in the original complaint that the amount in discontinuance fund has to be refunded as per the policy contract.

(a) His principal contention was that this is a case of Discontinuance of Policy and 6.5.1.3 together with 6.6.1.2 clearly states that if you do not revive within the revival period then the discontinuance pension fund value as on the end of revival period or the first business day of 6^{th} policy year, whichever is later, would be made available to you and the contract would be terminated. Hence the policy is eligible for Discontinuance Fund refund.

(b) Further, in the letter of Discontinuance Notice dated 10.12.2018received from the RI, it is mentioned that the fund value of the discontinuance policy fund as on the first working day of 6th policy year will be paid subject to receipt of surrender discharge form. So as per the policy contract, the amount in the discontinuance fund should be paid to him after the lock-in period. The lock-in period ended on 20.8.2020.

(c) According to him the the RI's argument that he only has the option to buy an annuity with the proceeds of the fund is not established by the relevant Section of the policy, ie, Section 6 which deals with Discontinuance of policy. He pointed out the following relevant wording from this Section:

"You CAN use your entire discontinuance pension fund value to purchase an immediate annuity from us ….
Alternatively, you CAN choose to commute a part of the amount…..and purchase an immediate annuity from us for the balance amount….
Alternatively, you CAN purchase a single premium deferred pension product from the entire policy proceeds from us."

The word "can" was highlighted by the Complainant who would have it that this means the purchase of annuity of any description is only an option open to the policy-holder and not mandated on him. Hence the insistence of the RI that the Complainant can only purchase an annuity with the proceeds of the Discontinuance Fund value is unjustified and is not supported by the policy terms and conditions.

(2) The Respondent Insureralso reiterated their contentions made earlier in their SCN. The RI further submitted that:

(a) The policy issued is a SBI Life-Retire Smart Policy, which is a pension policy. It is not an investment/savings/endowment plan, but one meant to provide a periodic payment of pension based on an annuity that the policy-holder must purchase with the proceeds available upon policy reaching Maturity.

(b) IRDAI Regulations 2013 (16.2.2013, specifically Reg. 27 & 28 under Chapter 7) expressly prohibit payment of proceeds of such pension policies in lumpsum upon maturity or even upon surrender or discontinuance. The only allowance is for commutation of a part of the fund (currently a maximum of $1/3^{rd}$) if the policy-holder so desires, with the rest of the fund to be used to purchase an annuity of immediate or deferred nature. The policyholder therefore does not have any other option except taking the proceeds in the form of an annuity.

(c) The policy document is divided into several sections and clauses only for ease of reading and understanding but all the sections and clauses together constitute the entire policy contract. The document has to be seen as a whole and one should not pick up only certain clauses in isolation and try to interpret them in his favor, which is what the Complainant is doing. Therefore we cannot ignore the provisions governing Surrender of/Complete Withdrawal from the policy as detailed under clause no. 4.4.Therelevant clause and terms and conditions of the policy are to be read as a whole and not in isolation.

4.Having heard both the parties and having carefully examined all the documents submitted, I have the following findings:

(1) There is no dispute as to the essential facts of the case:

(a) The Complainant availed of a policy from the RI that is designed as a Pension Plan and named so as to indicate clearly as much.

(b) The policy has a Premium Payment Period of 5 years followed by a Lock-in Period of another 5 years. Obviously, the RI would invest and build up the fund during this 10-year period and the policy-holder would not have access to the money during this period.

(c) If the policy-holder has paid all premiums, he must wait till the maturity date at the end of the 10-year period and either use the entire accumulated proceeds to buy an annuity plan from the RI or commute upto 1/3rd of the fund and take it as a lumpsum and with the balance 2/3rd of the fund, buy an annuity plan from the RI. (Sec.4.2 of the policy)

(d) The policy-holder can surrender the policy before the maturity date, in which case it will be considered a case of Surrender or Complete Withdrawal (there is no partial withdrawal). In this case, a Surrender Value of the fund is worked out and similar options as in (c) above are available. (Sec. 4.4 of the policy)

(e) If the policy-holder fails to pay a premium instalment and does not revive the policy within the stipulated time, the fund accumulated till then goes into a Discontinuance Pension Fund. This Fund becomes available for use on the first working day of the 6th year of policy.

(f) The Complainant here who was the policy-holder stopped paying annual premiums after the third instalment of premium. The fourth instalment which became due on 25.8.2018 and the rest of the following instalments remained unpaid and the policy-holder did not opt to revive the policy later.

(2) The dispute only relates to how the proceeds of the policy fund accumulated over the Premium Payment Period and the Lock-in Period can subsequently be disposed of.

The gist of the dispute is as follows:

<u>The Complainant</u> would have it that this is a case of Discontinuance and hence only Section 6 of the policy would apply. As per 6.6.1, 6.6.1.1 and 6.6.1.2, when the policy is Discontinued, and has not been revived within 2 years as given notice for in the Discontinuance Notice, the proceeds of the accumulated fund as on the first working day of the 6th year becomes payable to him. The option of buying one out of different kinds of annuity offered with this fund is one he ***can*** exercise if he wants to, not one that he ***must*** exercise. [emphasis added by me for clarity]. The Complainant also points out that the Discontinuance Notice dated 10.12.2018 issued to him by the RI states as under:

"The Discontinued fund value will be paid to you on the first working day of the 6th policy year subject to receipt of Surrender Discharge Form and

Original Policy Document by us on or before the first working day of the 6th policy year."

He has conveyed his preferred option to take back the entire fund value instead of buying an Annuity plan from the insurer and he says that this is perfectly in tune with Section 6 (Discontinuance of Premiums) and as specifically offered in the Discontinuance Notice.

The Respondent Insurer would have it that since this policy is a deferred pension product, IRDAI regulations do not permit payment of any fund value in lumpsum upon maturity or surrender or discontinuance, except for what can be partly commuted as per extant rules in force. They say that discontinuance of premium without effecting a revival of policy is effectively a complete withdrawal as envisaged in Sec 4 of the policy and hence the Complainant only has the option to choose between the various annuity options available either bought with the full proceeds of the fund or after availing of a partial commutation if he so desires. They say that these provisions are clear from the policy document which should be read as one whole document instead of cherry-picking clauses to suit an argument.

(3) I find that the policy document under discussion is an elaborately and lengthily drafted one, running into 44 pages of closely printed pages comprising of 18 Chapters followed by 2 Annexures. It is apparent on a close reading of the policy document that each Chapter deals with a particular topic and stands alone by itself. For example, Chapter 1 is the introduction, titled "Your Policy Booklet"; Chapter 2 lists the various Definitions of the terms used in the policy; Chapter 3 lists the various Abbreviations used in the policy; Chapter 4 describes the Policy Benefits with four Sections. Chapter 5 describes Guaranteed Additions and Chapter 6 deals with Discontinuance of Premiums and so on. It is also clear that each of these Chapters stands by itself and there is no cross-reference between these Chapters seen anywhere except in Chapter 6 – Discontinuance of Premiums, where there is a reference to Chapter 7 - Revival. Otherwise, each Chapter deals with a clearly identified topic and its terms and conditions refer only to the topic dealt with in that Chapter.

(4) In the policy under consideration in this matter, titled SBI Life Retire Smart, the policy commencement date is 25.8.2015. The premium is paid in annual instalments of Rs. 300,000/- payable on 25th August of each year for a period of 5 years in all. Hence the last instalment of premium becomes due on 25.8.2019. The policy "matures" at the end of the 10th year, ie, on 25.8.2025. Thus, the Premium Payment Term is 5 years; the Policy Term is 10 years. The policy has a Lock-in Period which is defined in Sec 2 (Definitions) as a period of five consecutive years starting from date of commencement of risk during which Discontinuance/Surrender value is not payable. The Schedule of the policy does not specify the date of end of this Lock-in period but it can be gleaned from the definition that the Lock-in Period in this particular policy is until 25.8.2020.

(5) There are three likely scenarios that can prevent the policy from receiving all its premiums and running its full normally envisaged terms of 10 years from the commencement date.

(a) The policy-holder dies before all premiums are paid up

This eventuality is dealt with under Section 4.1 under Chapter 4.

(b) The policy-holder elects to surrender the policy sometime during the term of the policy – upto the end of the Lock-in Period or after the Lock-in Period but before the date of maturity of policy.
This is dealt with under Section 4.4 under Chapter 4.

(c) The policy-holder defaults on premium payment at any point during the Premium Paying Term
This is an eventuality which is dealt with under Chapter 6 – Discontinuance of Premium. There is a Grace Period during which the policy will remain in force provided within such period the due premium is paid. If the premium is still not paid during the Grace Period, a Discontinuance Notice is sent to the policy-holder. If the policy is not revived, a Letter of Discontinuance is sent to the policy-holder telling him inter alia, that he is deemed to have opted for total withdrawal of the policy.

(6) In the instant case, the policy-holder (the Complainant in this matter) stopped paying annual premiums after the third instalment of premium was paid. He was issued Notice of Discontinuance on 29.9.2018 and Letter of Discontinuance on 10.12.2018, the latter document confirming the fact that he was deemed to have opted for complete withdrawal of the policy. There can be no doubt that the circumstances here attract Chapter 6 of the policy and no other.

(7) Chapter 6 is tellingly titled and elaborately (if in a somewhat ramshackle way) lays down what happens when premium is Discontinued. I am particularly drawn to the sub-sections that are relevant to this case, ie, those that specify what happens when the policy-holder does not revive the policy. It must be pointed out here that the Complainant has erroneously invoked **6.5** Section of the Chapter which would apply only if he had chosen to revive the policy withing the revival period. In his case, he had not done so, and hence **6.6** would apply.

As per Section **6.6** of this Chapter, if the policy-holder opts to completely withdraw from the policy and if premium has been discontinued during the first five policy years, (as indeed happened in the Complainant's case), then 3 things happen:

(i) the fund value on that date (presumably 25.8.2018) will be disinvested and credited to Discontinued Policy Fund after deducting discontinuance charge;

(ii) the fund value of this discontinuance policy fund as on the first working day of the 6th policy year will be paid;

(iii) if the policy-holder has died before this payment is done, then the payment goes to his beneficiary immediately. the discontinuance pension fund value as on the end of the revival period <u>or</u> the first day of the 6th policy year – whichever is later – will be made available to him and the contract will be terminated. [**6.5.1.3**]

(8) I find that the above wordings are clear and unambiguous in that they specify that in the circumstances of the Complainant's case, the Fund amount **will be paid**. It will be paid if the premium has been discontinued during the first 5 policy years [**6.6.1.2**]; it will be paid if the premium is discontinued after the first 5 policy years [**6.6.2.1**]. There is no mention about his having to purchase an annuity plan of any nature. It is

another matter that even in 6.5 earlier, which deals with cases where the option to revive the policy has been availed of, the terms only say that the policy-holder **<u>can</u>** utilize the proceeds either entirely or after commuting a part of it, to buy an annuity. It does not mandate that the policy-holder has no other option with the proceeds except to buy an annuity.

(9) The language of the entire Chapter 6 can reasonably be viewed only in this light especially since Chapter 4 which deals with policy benefits has a separate Section **4.4** which details what can happen when the policy-holder surrenders the policy. **4.4** is absolutely clear and categorical about the policy-holder not having any option other than to buy an annuity either with the entire proceeds or with the balance proceeds after partial commutation. I must also mention in passing here, that Sec. **4.2** which deals with Maturity/Vesting benefits does not mandate purchase of annuity with the proceeds either. Here also, he is told that he **<u>can</u>** choose it as an option after being told that the insurer **<u>will</u>** pay him the proceeds of the policy as worked out according to prescribed formula.

(10) I also note that there is no cross-reference between the Chapters except in one instance in Chapter 6, where the policy-holder is told that if he opts to revive the policy within 2 years time, then the revival procedure as stated in Chapter 7 would be applicable. If provisions of another Chapter, say Sec. 4.4 of Chapter 4 were intended to apply to Discontinuance also, it should have been similarly expressly stated so in Chapter 6. That this has not been done in a contract document with this level of detailing with provisions to deal with all reasonably probable eventualities, does clearly point to *res ipsa loquitur* to any objective reader.

(11) It naturally follows from the above that the demand of the Complainant to be paid his entire policy fund proceeds as per the Discontinuance of Premiums norms in the policy laid down vide Chapter 6 of the policy document is unexceptionable.

(12) In arriving at this finding, I am mindful of the fact this is a pension product and the intent behind it is to eventually provide for payment of a regular periodical pension to the beneficiary if he survives the policy term. I am also mindful that the regulatory guidelines, specifically Section 27 under Chapter VII of IRDAI's Linked Insurance Products Regulations 2013 expressly mandate that the policy-holder shall only exercise the options of buying an annuity with the full proceeds or commute a part of it and buy and annuity with the balance fund.

In having to take this uncomfortable position, I am guided by the following two factors:

(a) No less an authority than the Supreme Court of India has laid down in multiple cases that the wordings of a contract must be read and understood as they are. We cannot read meanings or intents other than what is expressly stated there in black and white. The RI may well have ***meant*** to link Chapter 6 provisions to those of Sec.4.4 under Chapter 4, but they have not actually ***done*** so expressly. The contract must therefore be read as it is worded.

(b) The dispute sits on a contract of insurance between the RI and the Complainant. The contract is drafted by the RI and hence it is incumbent on them to ensure that the terms and conditions therein are not ultra vires the Regulatory norms. It must be also noted in this context that the policy document itself does not carry an overarching stipulation that in case of a variance between a proviso in the policy and the relevant Regulatory norms, the latter would prevail in case of a dispute. The consequence of any departure would therefore need to be borne by the RI who drafted the contract.

(13) The RI would have it that the Complainant is cherry-picking a clause that supports his case and this is wrong. This argument does not stand because, as I have explained above, the policy has distinct Chapters dealing with specific topics and there is no cross-reference between Chapters on applicability of provisions. Neither is there an overarching proviso that allows moving a matter that attracts Chapter 6 to a condition that appears under Chapter 4. The RI is wrong is contending that **6.6.1.2** should be read with **4.4**; the policy does not support that. Similarly, the RI's contention that the Complainant has to prove his allegation of the RI's deficiency and that he has failed to do so, will not stand scrutiny because the basic dispute itself is self-explanatory. The allegation is that the RI has not paid him his claim and indeed they have not; the Complainant cannot prove a non-payment.

(14) I must therefore conclude that the Complainant's demand for being paid the proceeds of the discontinuance fund value of his policy as on the first working day of the 6th year of policy is reasonable and justified and is supported by the policy document that he holds.

5. Award

In the result, this Award is passed, upholding the complaint and directing the Respondent Insurer to pay the Discontinuance Fund value worked out as per norms laid down in Chapter **6** of the concerned insurance policy. No order as to cost.

As prescribed in Rule 17(6) of Insurance Ombudsman Rules, 2017, the Insurer shall comply with the award within 30 days of receipt of the award and intimate compliance of the same to the Ombudsman.

Dated this the 30th day of December 2021.

Sd/-

(**Girish Radhakrishnan**)

INSURANCE OMBUDSMAN

PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, PUNE
(STATE OF MAHARASHTRA EXCEPT MUMBAI METRO)
(UNDER RULE NO: 16 (1) /17 of THE INSURANCE OMBUDSMAN RULES, 2017)
OMBUDSMAN - VINAY SAH
CASE OF Mr. InasArhana V/S SBI Life Insurance Co. Ltd.
COMPLAINT NO: PUN-L-041-2122-0239
Award No IO/PUN/A/LI/ /2021-22

1.	Name & Address of the Complainant	Mr. InasM Aranha, Navi Mumbai
2.	Policy No. | Type of Policy | DOC	44002048902 | ULIP policy |13.10.2010
3.	Policy term | Premium | Mode	10years | Rs. 75000/- | Single premium
4.	Name of the Insured & Proposer	Mr. Inas Marku Aranha
5.	Name of Intermediary	Individual Advisor
6.	Name of the Insurer:	SBI Life Insurance Co Ltd
7.	Nature of complaint:	Less Maturity value
8.	Relief sought:	Appropriate maturity value.
9.	Date of complaint to RI Date of Reply by Insurer	14.09.2020, 23.11.2020 16.03.2021
10.	Date of receipt of the Complaint at OIO:	19.05.2021

An online hearing was held on 22.10.2021 through video conferencing wherein only Ms. Sampada Shetty, Representative from SBI Life Ins Co Ltd (Hereinafter referred to as the RI-Respondent Insurer) reiterated her earlier submissions. Mr InasAranha (hereinafter, referred to as the complainant) did not appear for hearing even though after contacting him for several times.

1. **Contentions of the complainant: -**

- The Complainant vide letter dated 22.04.2021 stated that he had availed the captioned Ulip policy no 44002048902 from the RI in the year 2010 and invested Rs 75000/- (Single premium) for 10 years term. As such on the date of maturity after 10 years, the Complainant received Rs 109830 /- after deduction of TDS of Rs. 1354/which amounts to a cumulative return of less than 3.5%
- The complainant felt to be cheated as the representative of RI had explained the plan with minimum returns of 15% against the amount invested in the subject policy. He alleged that the information about Mly deduction from the fund was withheld by the representative of SBI Life.
- Hence, the Complainant has approached the Forum seeking directions to the RI, to make good the loss that he incurred.

2. **Contentions of the RI: -**

- The subject policy was issued to the complainant on 13.10.2010 for 10 years policy term after receipt of duly filled proposal form dated 27.09.2010 along with initial proposal deposit of Rs. 75000/-
- The company has dispatched the policy document on 16.10.2010 through Sri Chakra Transtech. The same was duly delivered at complainants registered address. If the complainant was not satisfied with the terms and conditions of the policy he could have availed

the facility of free look cancellation. As he did not approach the company, it denotes his acceptance to the terms and conditions of the policy.

- The policy matured on 31.08.2020 and the complainant has been paid maturity value of Rs. 109830/- under the policy as per terms and conditions of the policy. The subject policy is Unit linked policy , in which the investments made are always subject to market risks and hence the returns under a policy depend on the performance of financial markets on the date of reckoning.
- The complainant approached RI on 14.09.2020 with the complaint of receipt of less maturity value and also on 23.11.2020 for want of unit statement. The company has accordingly sent unit statement on the same day. His complaint was responded by the company on 16.03.2021.
- The company in their reply dt. 16.03.2021 has informed about the investment risk associated with capital market and NAV of the units which may go up or down based on the performance of the funds and factors influencing capital market. The details of Fund management and charges are clearly mentioned in the Policy document under clause no. 8 and d 10 respectively and same are with the prior approval of Regulator.
- The Policy is a risk-cum-investment ULIP policy wherein as per terms and conditions, maturity benefit will be payable higher of fund value calculated at NAVs on the date of maturity and Guaranteed Daily Protect Fund value at 105% of highest NAV built up phase i.e 7 years. The details regarding maturity benefit payable and calculation of Fund value payable are clearly mentioned in the Policy document under clause 4.2.1 and sub clauses 4.2.1.1 and 4.2.1.2.
- The company has paid the maturity amount rightly as per terms and conditions of the policy contract and hence no more value is payable to the complainant under the subject policy.

3. <u>Observations and Conclusions:</u>

The Forum heard the submission made by the complainant and the Respondent. From the documents submitted and submissions made, it is observed that:

1. The amount invested by the Complainant is for a Unit linked 'Risk-Cum-Investment Policy'. The Forum further observes that the Complainant has enjoyed the risk cover on his life under the said policy for full term and the said policy matured on 31.08.2020.

2. The monthly deduction of different charges in the form of units, are also mentioned in the policy document clearly and precisely. The allegation of the complainant and that too after maturity that he was not informed about the charges while purchasing the policy is totally unjustifiable.

3. The policy matured on 31.08.2020 for which maturity intimation was sent by RI on 24.02.2020 and reminders on 25.03.2020, 24.04.2020, 24.05.2020, 23.06.2020 & 23.07.2020 to the complainant wherein it is clearly stated that maturity amount payable would be based on disinvestment of units of the policy as on the date of maturity.

4. The calculation of maturity amount paid under the policy has been submitted by RI as following:-

Clause no 4.2.1 Maturity Benefit (higher of the following if you have paid all the premiums):-

4.2.1.1 Fund value calculated as NAVs on the date of maturity –

Units 5777.61 * NAV as on 31.08.2020 is 19.2446 Hence Fund Value Rs. 111187.70

Capital Gain (Fund Value – Premium paid) = 111187.70-75000 = 36187.70

Less TDS @ 3.75 on Capital gain = 1357.04

Net Maturity value payable = 109830.66
4.2.1.2 Guranteed Daily Protect Fund (opted by the complainant) Value calculated at 105% of highest NAV during NAV Buily up phase i.e first 7 years :
Policy launch date- 01.09.2010, the highest NAV of Daily Protect Fund during NAV built phase i.e. first 7 years is 16.66
Thus 105% of 16.66 is 17.49
Thus maturity value is Total units 5777.61*NAV 17.49 = Rs. 101050.40/-
As per terms and conditions higher of NAV is to be applied i.e 19.24. Hence it is confirmed that RI has paid maturity amount as per terms and conditions of the policy.

5. The forum observed that the complainant has never raised any concern during the Free look period or even during the policy term. He raised this issue after maturity, comparing the interest rate of Term Deposit at that time which is not reasonable as Life insurance policies have risk cover element which is not there in bank deposits.

6. It is also observed that the complainant has not submitted any supportive document, mail or any letter to prove his allegations made in the complaint.

7. RI has clarified the various queries raised by the complainant vide their letter dated 16.03.2021.

The forum awards as follows:

AWARD

Taking into account the facts and circumstances of the case and submissions made by both the parties, the Forum is of the opinion that the Respondent Insurer has correctly settled the Maturity claim under the policy as per the terms and conditions of the policy and there is no deviation.

As such the complaint is dismissed.

Place: Pune.
Date: 10.12.2021

VINAY SAH
INSURANCE OMBUDSMAN, PUNE

PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, PUNE
(STATE OF MAHARASHTRA EXCEPT MUMBAI METRO)
UNDER SECTION 16(1)/17 OF THE INSURANCE OMBUDSMAN RULES-2017
OMBUDSMAN–VINAY SAH
CASE OF Mr. ShivajiShelkeV/S Reliance Nippon Life Insurance Co. Ltd.
COMPLAINT NO: PUN-L-036-2122-0163
Award No IO/PUN/A/LI/ /2021-22

1	Name & Address of Complainant	Mr. Shivaji G Shelke, Pune
2	Policy No.| DOC |P & T | Premium Date of Maturity | Sum Assured	18920494 | 28.04.2011 | 10-10 | Rs. 19997.17 28.04.2021 | Rs. 129600/-
3.	Name of LA	Mr. ShivajiGulabraoShelke
4.	Name of Insurer	Reliance Nippon Life Ins. Co. Ltd.
5.	Nature of Complainant	Inadequate maturity benefit received
6.	Reason for Rejection	Maturity benefit settled as per terms and conditions of policy
7.	Dt of receipt of complaint to OIO	17.05.2021

An online hearing was held through video conferenceon 27.09.2021, wherein, Mr.ShivajiShelke(hereinafter referred to as the complainant)and Ms. Anubha Gupta,representative of Reliance Nippon Life Ins. Co. Ltd. (Hereinafter referred to as the RI-Respondent Insurer) reiterated their earlier submissions.

Contentions of the complainant: -

- The complainant has stated that he had purchased the subject policy from the RI in the year 2011 and had paid regular premiums for full term i.e 10 years.
- The complainant has received Rs.43200/- in the year 2015 & 2018 in the form of Survival Benefit as per terms and conditions of the policy.
- The policy matured in April 2021 and the complainant received an amount of Rs.75801/- against the maturity benefit.
- The complainant is of the opinion that the total benefit (43200+43200+75801=162201) is much less than the premium amount (Rs199971/-) invested by him.
- The complainant has approached the RI on 06.05.2021 with the complaint of less maturity benefit and asked for the details of benefit paid to him. The company has responded on 10.05.2021 explaining the benefits received.
- Dissatisfied, he has approached the Forum for redressal.

Contentions of the RI: -

- The complainant had availed Reliance Cash Flow Plan on 28.04.2011 for 10 yearsand the same was matured in 04.2021.
- The said plan is Money Back/ Cash Flow Plan in wherein Sum assured gets divided into the parts and paid as Survival Benefit in intervals. On Maturity last survival benefit along with reversionary bonuses for the entire policy term is payable.
- The complainant has raised the issue of less amounts received as maturity benefit through letter on 06.05.2021 to which the RI has responded via letter on 10.05.2021 explaining the detailed calculation of bonus for 10 years.
- The survival benefits and maturity benefit are clearly mentioned in detail in the policy document.

- The RI has settled the survival benefits and maturity benefit correctly in accordance with the terms and conditions of the policy. The details are as given below:

Sr No	Particulars	Amount
1	Sum Assured	129600
2	SB paid on 27.04.2015	43199.95
3	SB paid on 03.05.2018	43199.95
4	Maturity amount paid(Last SB+ Total Reversionay Bonus) on 29.04.2021	75801
5	Special bonus declared later alongwith the interest on it paid on 20.05.2021	10145.80

All the payments of abovementioned benefits were directly credited to the policyholder's account via NEFT.

During the hearing the representative of RI explained regarding the calculation as to how the maturity benefit had been arrived at but he claimed that he had received less maturity benefit.

<u>Observations and conclusions:</u>

1. The Forum observes that the complainant has paid the premiums regularly and was expecting higher returns on his investment but the complainant has overlooked the fact that his life had been fully covered to the extent of the sum assured and acquired benefits for the period he has paid premiums.
2. The Forum also observes that Special bonus was declared after the date of maturity. Hence the same was not paid along with the maturity. However the penal interest was paid thereon for delays.
3. The forum observes that the detailed benefits payable under the policy is clearly mentioned in the policy schedule. If the complainant was not satisfied with the terms and conditions of the policy, he should have availed the option of cancelling the said policy during the Free Look Period.

The complainant should realize that an investment in insurance policy cannot be compared to other investment products in respect of returns, as other investments do not necessarily include death risk cover. The forum opines that the RI has settled the maturity benefit under the policy as per terms and conditions of the policy contract and there is no deviation.

The forum awards as follows:

AWARD

Taking in to account the facts and circumstances of the case and submissions made by both the parties, the Forum finds that the maturity benefits were rightly settled by RI as per terms and conditions of the policy 18920494 and intervention by the Forum is not required.

As such the complaint is dismissed.

Dated at Pune, on 13.12.2021

VINAY SAH
INSURANCE OMBUDSMAN,
PUNE

PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, PUNE
(STATE OF MAHARASHTRA EXCEPT MUMBAI METRO)
UNDER SECTION 16(1)/17 OF THE INSURANCE OMBUDSMAN RULES-2017
OMBUDSMAN–VINAY SAH
CASE OF Mr. VasantGuravV/S Life Insurance Corporation of India.
COMPLAINT NO: PUN-L-029-2122-0098
Award No IO/PUN/A/LI/ /2021-22

1	Name & Address of Complainant	Mr. Vasant Vishnu Gurav, Satara
2	Policy No.| DOC |P & T | Date of Maturity | Sum Assured	940398313 | 15.08.2004 | 14-16 | 15.08.2020 | Rs. 150000/-
3.	Premium |Mode	Rs. 13207/-| Yly
4.	Name of LA	Mr. Vasant Vishnu Gurav
5	Name of Insurer	Life Insurance Corporation of India
6	Nature of Complainant	Inadequate maturity benefit received
7	Reason for Rejection	Maturity benefit settled as per terms and conditions of policy
8	Dt of receipt of complaint to OIO	01.04.2021

An online hearing was held through video conference on22.10.2021, wherein, Mr. Vasant Gurav (hereafter referred to as the complainant)and Mr. Wasudeo Wanere & Mrs. Sanjana Nayak, representatives of LIC of India (hereafter referred to as the RI-Respondent Insurer)reiterated their earlier submissions.

Contentions of the complainant: -

- The complainant has stated that he had purchased the subject policy from the RI in the year 2004 and had paid regular premiums for 16 years as per the schedule of the policy amounting to a total of around Rs.211312/-
- The policy matured in August 2020 and the complainant received an amount of Rs.256200/- against the maturity benefit.
- The complainant is of the opinion that the maturity benefit is less as compared to the number of years and the premium amount invested by him.
- The main contention of the complainant as submitted in his complaint is that the premium charged more in proportion of sum assured amounting to Rs. 61312/- & the bonus of Rs. 43408/- which was paid less by Rs. 43408/-. As such he was in loss of Rs. 104720/-
- The complainant has approached the Forum with an appeal to settle his claim suitably along with refund of the excess premium paid by him and bonus less paid to him.

Contentions of the RI: -

- The complainant had availed LIC Endowment policy no.940398313 in 08.2004at the age of 59 years and the same matured in 08.2020.RI has stated that the at higher age risk is high and hence premium is higher. RI has further clarified that premium differs with age but benefit does not depend on age.
- The complainant has raised the issue of fewer amounts received as maturity benefit through letter on 24.06.2020 to which the RI has responded via letter on 02.07.2020 explaining the detailed calculation of bonus for 16 years and premium charged for the term. The complain-

ant himself has signed the proposal form wherein the term is mentioned as 16 yrs. Hence the issue of policy with wrong policy term considered is denied by RI.

- The maturity benefit is clearly mentioned in the policy document as Benefit surviving on maturity will be total of Sum assured and Vested Bonus.
- The RI has settled the maturity benefit correctly in accordance with the terms and conditions of the policy. The details are as given below:

Sum Assured: Rs.150000/-
Vested Bonus : Rs.103950/- (Rs. 693/- per '000 SA)
Final Add. Bonus :Rs. 2250/- (Rs. 15/- per '000 SA)
Total Rs.256200/-

During the hearing also the representative of RI explained regarding the calculation as to how the maturity benefit had been arrived at as per terms and conditions but the complainant claimed that he had received less maturity benefit.

Observations and conclusions:

The Forum heard the submissions made by the complainant and the Respondent. From the documents submitted and submissions made, it is observed that:

- The complainant has paid the premiums regularly and was expecting higher returns on his investment but the complainant has overlooked the fact that his life had been fully covered to the extent of the sum assured and acquired benefits for the period he has paid premiums. Also he has availed policy at higher age and premium increases with higher risk at higher age.
- Also forum also notes that premium is based on various factors like age ,mortality charges, type of policy, term, premium paying term, cover amount etc. and cannot be viewed merely as sum assured amount divided by the term.
- The RI has rightly calculated the total maturity benefit amount and also explained the same during the hearing
- RI had already sent a detailed letter dated 02.07.2020 to the complainant clarifying the doubts and objections regarding premium amount, bonus rates, and maturity benefit payable etc. under the policy.

The investment in insurance policy cannot be compared to other investment products in respect of returns, as other investments do not necessarily include death risk cover. The forum opines that the RI has addressed the complainant's queries promptly and settled the maturity benefit correctly under the policy as per terms and conditions of the policy contract and there is no deviation.

The forum awards as follows:

AWARD

Taking in to account the facts and circumstances of the case and submissions made by both the parties, the Forum finds that the maturity benefits was settled correctly by RI as per terms and conditions under the policy 940398313 and therefore no intervention by the Forum is required.

As such the complaint is dismissed.

Dated at Pune, on 10.12.2021

VINAY SAH
INSURANCE OMBUDSMAN, PUNE